

Possible Health Insurance Scenarios

All Scenarios/estimates are expected to generate the necessary savings of \$600,000 and therefore from a financial point of view are equal

Savings Estimates are based on “rules of thumb” and will need to go to underwriting for actual projected savings. Underwriting can take up to two weeks.

Scenario 1:

- 1) Move all employees to 75%/25% for HMOs and 50%/50% for Master Health Plus and PPO

a) Mitigation for **new** adoptees of reducing the HMO split to 75%-25% split will be:

- 1) 10% of insurance premium per Family and Individual plan in the first year
- 2) \$1200/\$500 in the second year, and
- 3) \$600/\$300 in the third year
 - i. Net savings -- year 1 = \$0;
 - ii. Second year --Net savings = \$163K
 - iii. Third year -- Net savings \$264
 - iv. Fourth year -- Net Savings \$350K (the amount need to generate \$600K of savings

AND

Adopt Alternative 1 for all employees:

Office Visit Co-Pay \$20

ER \$100

Rx 10/25/50 for 30 Days

Rx \$20/\$50/\$110 for 90 Days

Total Savings Scenario 1:

\$550k

Scenario 2:

- 1) Move all employees to 75%/25% for HMOs and 50%/50% for Master Health Plus and PPO \$350k

AND

Adopt Alternative 2 for all employees:

\$500k

Same as Alternative 1 plus:

Hospital Inpatient \$200

Day Surgery \$100

Specialist Office Visit \$35

High Tech Imaging \$100

Total Savings Scenario 2:

\$850k

Scenario 3:

- 1) Move all employees to 75%/25% for HMOs and \$350k
50%/50% for Master Health Plus and PPO

AND

Adopt the following co-pays for all employees: \$250k
Office Visit Co-Pay \$20
ER \$100
Rx 10/25/40 for 30 Days
Rx \$20/\$50/\$80 for 90 Days
Hospital Inpatient \$100
Day Surgery \$100
High Tech Imaging \$100

Total Savings Scenario 3: **\$600k**

Scenario 4: Keep all employees at current split and move to plans as proposed and distributed by BC/BS, HPHP and/or Tufts.

Scenario 5: Move all employees to 67%/33% split. No plan design change necessary.

Scenario 6: Implement \$500/\$1,000 deductible. Possible HRA mitigation.

Scenario 7: Create HSA vehicle which rolls from year to year and moves with the employee into retirement or new employment. The IRS requires minimum deductibles of \$1,200 (I) /\$2,400 (F). Savings Plan Contributions limited to the lesser amount of deductions or legal limit. Town will contribute to the Employee Savings Plan to reduce generated savings to \$600K